

**Beaver County
Chippewa District Court
36-3-02**

**Audit Report
For the Period January 2006 through December 2007**

**David A. Rossi
Beaver County Controller**

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DAVID A. ROSSI
CONTROLLER



WILLIAM CALHOON
CHIEF DEPUTY CONTROLLER
ALBERT A. TORRENCE
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

August 1, 2008

Mr. Douglas Loughner
District Court 36-3-02
19 Cessna Drive Chippewa Twp
Beaver Falls, PA 15010

Dear Mr. Loughner:

We have audited the financial records of District Court 36-3-02 in the county of Beaver of the state of Pennsylvania for the period January 1, 2006 through December 31, 2007. Based upon the audit we have issued our report thereon dated August 1, 2008.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following observation and recommendation as detailed in this report.

A handwritten signature in dark ink, appearing to read "David A. Rossi".

David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2006 to December 31, 2007.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the District Court checking account and change fund
- Ensure that funds are deposited on the same day received
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs and fines are properly split upon receipt
- Ensure that reports and funds due to the Commonwealth were correct and remitted in a timely manner
- Ensure that proper documentation was maintained in the case file
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**DISTRICT COURT 36-3-02
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2006**

Beginning cash balance (1/1/2006) **\$ 14,345.78**

Receipts:

Traffic	\$ 258,134.09
Collateral	54,508.15
Non-Traffic	40,202.07
Criminal, Civil, etc.	<u>38,313.68</u>

Total Revenues 391,157.99

Disbursements:

Commonwealth of Pennsylvania	\$ 263,304.92
Beaver County	51,536.06
Restitution & Refund Bail / Collateral	27,374.50
Chippewa Township	16,523.19
Server Fees	16,435.45
Koppel Boro	7,833.77
South Beaver Township	4,159.69
Big Beaver Boro	2,424.10
Darlington Township	1,737.00
Darlington Boro	931.94
Blackhawk School District	749.54
Homewood Boro	161.56
New Galile Boro	<u>146.21</u>

Total Disbursements (393,317.93)

Adjustments:

Adjustment for void checks	101.53
Reimbursed Bank Charges	<u>16.00</u>

Ending cash balance (12/31/2006) **\$ 12,303.37**

**DISTRICT COURT 36-3-02
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2007**

Beginning cash balance (1/1/2007) **\$ 12,303.37**

Receipts:

Traffic	\$ 219,522.59
Collateral	50,708.88
Non-Traffic	40,437.04
Criminal, Civil, etc.	<u>32,447.14</u>

Total Revenues 343,115.65

Disbursements:

Commonwealth of Pennsylvania	\$ 222,212.60
Beaver County	44,472.76
Restitution & Refund Bail / Collateral	26,700.10
Server Fees	16,013.80
Chippewa Township	15,006.30
Koppel Boro	8,377.31
South Beaver Township	4,345.20
Darlington Township	3,466.78
Big Beaver Boro	1,320.89
New Galile Boro	748.04
Homewood Boro	658.14
Blackhawk School District	621.79
Darlington Boro	<u>271.97</u>

Total Disbursements (344,215.68)

Adjustments:

Adjustment for void checks 188.70

Ending cash balance (12/31/2007) **\$ 11,392.04**

DISTRICT COURT 36-3-02
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

Note 1: Summary of Significant Accounting Policies - District Court 36-3-02 reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: Traffic Receipt/Disbursement Categories -Transactions resulting from summary proceedings for offenses arising under the Pennsylvania Motor Vehicle Code and violations of local parking ordinances.

Note 3: Non-Traffic Receipt/Disbursement Categories -Transactions resulting from non-traffic summary proceedings initiated by a police officer or private citizen.

Note 4: Criminal, Civil, etc. Receipt Categories -Transactions resulting from misdemeanor and/or felony charges brought by a police officer or private citizen. Transactions resulting from Landlord-Tenant actions or, civil actions filed for tortious conduct or contractual issues.

Note 5: Collateral Receipt Categories - Miscellaneous funds and funds deposited in escrow.

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August 1, 2008

Mr. Douglas Loughner
District Court 36-3-02
19 Cessna Drive Chippewa Twp
Beaver Falls, PA 15010

Report on Internal Control Structure

We have audited the accompanying statement of account of the District Court 36-3-02, Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, and have issued our report thereon dated August 1, 2008.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the District Court 36-3-02, Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures

may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable condition:

- Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

For further elaboration on this weakness, refer to the "Observation and Recommendation" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



David A. Rossi
Beaver County Controller

OBSERVATION AND RECOMMENDATION

Observation 1: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. § 6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain that the defendant was able to pay.

After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456.

The Chippewa District Court processed 55 Time Served adjustments in 2007 totaling \$(12,211.15). An audit review was performed of 38 jail time compensation adjustments totaling \$(8,201.53) for 38 cases and 18 defendants. The following was noted:

1. For 23 of the 38 cases reviewed there was no documentation in the case file of MDJ authorization for the Time Served adjustment. This amounted to a reduction of fines and costs totaling \$3,973.80 without documented MDJ approval in the case files.
2. MDJ approval documentation was in the case files for 15 cases with jail time compensation adjustments totaling \$(4,227.73), however, the documentation was found to be incomplete. The authority to adjust costs and fines was given with hand written sticky notes showing only the words "Credit for Time Served". These notes were not dated and did not detail which defendant or which docket numbers should receive credit or for how much. It was not always clearly indicated if all cases for a particular defendant should be adjusted or if only the one case file containing the note was to receive credit for time served. [For 15 cases with adjustments totaling \$(2,573.10) a notation of "Time Served" was found by the Auditor in a different case file of the same defendant.]
3. After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456. Only 5 of the 38 case files reviewed contained a written order imposing the sentence of imprisonment. It was not clear however if this sentence was in lieu of or in addition to the payment of fines and costs.
4. To be in accordance with payment default procedures as described in PA R. Crim. P. 456, after a default in payment if a sentence of imprisonment has been imposed

the defendant must be given a 30-day period to enter an appeal. No defendants had a signed waiver of the waiting period in the case file.

5. None of the case files reviewed contained a commitment form. Only one case file reviewed had an indication on a sticky note of the dates of incarceration. Documentation of the dates of incarceration was not present for the other 37 case files reviewed nor was there any independent verification of any of the jail time.
6. Without knowledge of the dates of incarceration it could not be evaluated if sufficient time was served for traffic cases to cover costs and fines at \$40/day as allowed by statute.

Audit Recommendation:

Time served adjustments should only be authorized after a default in payment has occurred.

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was able to pay.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, the effective date of imprisonment should assure that the 30-day appeal period has elapsed, or a waiver of this waiting period should be obtained from the defendant.

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered onto the PA State DJ computer system. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

A form should be completed and signed by the Magisterial District Justice to indicate his authorization and approval of the time served compensation adjustment. This form should contain at a minimum the date, defendants name, docket number, the amount of costs and/or fines to be reduced, and any other conditions or requirements prior to allowing the jail time compensation adjustment.

An exit conference was held on August 1, 2008 at District Court 36-3-02 for the purpose of discussing the items presented in this report. Those in attendance were:

District Court 36-3-02

Douglas Loughner - District Justice

Mary Ellen Dean - Office Manager

Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the audit were discussed in their entirety during this conference.

A form has been enclosed with this report to be completed by the District Court. This form restates all observations noted in the audit. The District Court is requested to complete the corrective action section for each observation. If no corrective action has been taken, please state this. Return this form to the Office of the Controller within thirty days of receipt. This form will be incorporated and become a part of this report. As a part of the Office of the Controller's normal reporting procedure, a copy of this report along with your responses will be distributed to the Beaver County Court Administrator and will be posted in the Controller's section of the Beaver County website.

**DISTRICT COURT 36-3-02 - CHIPPEWA
AUDIT RESPONSES
FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2007**

District Court 36-3-02
Audit Responses
January 2006 through December 2007 Audit

Summary of Observation:

Observation: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. § 6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain that the defendant was able to pay.

After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456.

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District Court 36-3-02
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6. Without knowledge of the dates of incarceration it could not be evaluated if sufficient time was served for traffic cases to cover costs and fines at \$40/day as allowed by statute.

Recommendation:

Time served adjustments should only be authorized after a default in payment has occurred.

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was able to pay.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

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Audit Responses
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Corrective Action Implemented By District Court:

All jail sentence or time served adjustments will be clearly documented after an appropriate hearing has been held. This would normally occur after default or at the conclusion of a sentencing hearing as determined by the court. Only the court has the authority and discretion to determine the ability to pay versus refusal to pay.

The court will only utilize approved forms designed and authorized by the Administrative Office of the Pennsylvania Courts to document court procedures and accounting procedures. The following forms may be utilized to provide an accurate tracking of the results and events to assure compliance:

Notice of Payment Determination
Commitment
Order Imposing Sentence
Order to Appear For Imprisonment
Execution Of Sentence - Waiver

Date Corrective Action Was Implemented:

SEP 03 2008

Signature of Elected Official:

Don Loughner

Date:

9-3-08

LOUGHNER 36-3-02